



Mental Health Services
Of Catawba County
Draft Local Business Plan

April 1, 2003

Section VIII. Financial Management
& Accountability

Contact Person:

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Local Business Plan: Strategic Plan Matrix

Area Program(s)/County Program	Mental Health Services of Catawba County
Contact	John M. Hardy, Area Director, (828)695-5900, fax (828)695-5949, johnh@catawbacountync.gov
Submission Date	04/01/03

Item: VIII. Financial Management and Accountability 1

Goal: The local business plan includes a financial management plan that assures proper internal controls throughout the operation in accord with state, federal and professional requirements.

Effective Date: 04/03

Steps Taken	Steps Planned	Barriers
<p>Reviewed and updated existing processes, policies and procedures regarding specified internal control elements (i.e., separation of duties, authorized access to resources, etc.). Policies and procedures reviewed and approved in current form by Finance Team and Quality Management Team. (Attachment A)</p> <p>Reviewed staff credentials and responsibilities. Realigned duties to effectively and efficiently respond to new and anticipated tasks required under the new IPRS system and LME operations. Implemented changes in staff responsibilities to</p>	<p>At least annually, assess processes, policies and procedures to assure effectiveness and efficiency of operations. This would include making any additional personnel or job duty changes indicated to most adequately meet the needs of people we</p>	<p>Lack of real experience with IPRS to most effectively manage this process but this should unfold as the system is engaged and operational.</p> <p>Lack of information from the Division on operations and cost modeling for LME.</p>

<p>respond to Prompt Pay and IPRS and in readiness for LME functions.</p> <p>Annual financial and compliance audit performed by an independent CPA, as well as the independent review of cost-finding.</p> <p>Organizational Operations Performance Report developed to review by program units the amount of revenue collected, expenditures and service activity for each unit, assigning administrative distribution for gross calculations of costs per program unit.</p> <p>Reporting mechanisms are in place for timely identification and analysis of potential problems. Current examples include:</p> <ul style="list-style-type: none"> Monthly review of detail revenue and expense ledgers by financial staff Monthly line item detailed fiscal reports distributed and reviewed by management Quarterly fiscal reports to the Area Board and Division <p>Database developed for tracking receipt, approval/denial/resubmission, and payment dates for reimbursement to providers.</p> <p>Administrative expenses and revenues are currently maintained in separate cost centers for distribution to service unit cost centers.</p>	<p>serve and to operate in LME mode under IPRS in an effective and efficient way.</p> <p>Acquire completely separate and distinct Mental Health annual audit from Catawba County's larger audit.</p> <p>Redesign this report to achieve goals regarding specific data integration, reconciliation and reporting time parameters</p> <p>Continue to have staff review and analyze data, and regularly report to Management, Area Board and County Board of Commissioners and Division</p> <p>Continue use of database; implement regular review of data to assure prompt payment to providers; use database for reporting to the Division</p> <p>Continue separation of administrative financial activity through a separate and distinct cost center.</p>	<p>Lack of response from the Division regarding the need for separate audit for the single county LME or if the distinction can be made within the County's larger audit report stated separately for LME operations.</p> <p>Staff time required for redesign of report elements; this will be accomplished once IPRS is successfully implemented</p>
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<p>Policy established dictating that budget status information is to be shared with the local community collaborative regarding children's services on a quarterly basis. (Attachment B)</p> <p>Policy developed for payment of claims which follows Prompt Pay criteria established by the Division. Policy approved by Quality Management Team. (Attachment C)</p>	<p>Implement policy on budget sharing.</p> <p>Policy to be reviewed by Area Board.</p>	<p>Training issues involved with new staff filling key vacancies</p> <p>Lack of update from the Division regarding required information to be submitted around Prompt Pay.</p>
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<p>Reviewers Comments:</p>

Attachment A – Internal Control Policy
Attachment B – Fiscal Management Policy
Attachment C – Draft Claims Processing and Adjudication Policy

Attachment A – Internal Control Policy – Financial Management and Accountability

Mental Health Services of Catawba County

POLICIES AND PROCEDURES

ACTIVITY: FINANCIAL MANAGEMENT	Number:	2.001
	Effective Date:	03/03/82
SUBJECT: INTERNAL CONTROL	Amended Date:	10/13/00
	Board Approved:	02/09/95
	QMT Approved:	02/14/03

POLICY:

The Mental Health Services of Catawba C Board shall comply with provisions of the Local Government Budget and Fiscal Control Act (North Carolina General Statute 159); North Carolina General Statute 122; North Carolina Division of Mental Health, Developmental Disabilities, and Substance Abuse Services Budgeting and Procedures Manual (APSM 75-1); and generally accepted accounting principles and procedures in establishing sound internal control procedures for daily receipts.

PROCEDURE:

To assure internal control procedures for safeguarding organizational resources through the following procedures:

1. The Administrative Unit opens and distributes the daily mail which includes checks, cash, money orders, etc. All monetary receipts are separated, counted and posted to the Daily Mail Collections report.
2. The Reimbursement Clerk receives payments from clients at the reimbursement window, issuing a receipt for each transaction. Transactions (charges and payments) are keyed to the appropriate client account at the time the transaction occurs. The Reimbursement Clerk also keys mail payments to individual client accounts receivable from the Daily Mail Collections report.
3. On a daily basis, the Accounting Supervisor collects the client event tickets/receipts and the cash box (which holds all money received including mail). All funds including cash on hand, checks, money orders, etc., in the cash box are then counted and reconciled to receipt copies and the mail collection report. The daily reconciliation and bank deposit processes are completed. Delivery of the deposit to the bank is done by an Office Support Specialist in the Administrative Unit (other than the individual who performs the mail process).
4. The Budget Coordinator uses the Mail Collection sheet, the deposit slip, the reconciliation form, and any other source documentation available to properly identify each receipt, coding each one to the proper budget line item. The coding of the receipts is then sent to the County for keying to the proper budget account(s).
5. Review of receipts and expenditures occurs monthly by management and at least quarterly by the Area Board. The cash basis of accounting is used for managing all financial activity except at year-end when accruals are established for correctly assigning expenses and revenue to the proper fiscal year when the transaction occurred.

Mental Health Services of Catawba County

POLICIES AND PROCEDURES

ACTIVITY: FINANCIAL MANAGEMENT

SUBJECT: INTERNAL CONTROL

EFFECTIVE DATE: 03/03/82

AMENDED DATE: 10/13/00

NUMBER: 2.001

6. At least annually, internal controls are reviewed for effectiveness and efficiency prior to the independent audit review. Any recommendation by the independent auditor is implemented except in cases of financial impossibility.
7. An independent audit is performed annually. The audit is a single audit which includes both financial and compliance components as required by the NC Department of Health and Human Resources.
8. To assure staff competency, all employees involved in financial transactions must meet the basic requirements for the position they fill. Each position indicates on the job description the specific requirements for recruitment of personnel for that particular position.

HISTORY NOTE:

Approved by the Mental Health Board on 03/03/82 and effective 03/03/82. AMT approved 03/03/82. Approved by QMT on 10/13/00 and 02/14/03. Amended effective 04/01/89, 02/09/95, 03/10/98, and 10/13/00.

Mental Health Services of Catawba County

POLICIES AND PROCEDURES

ACTIVITY: FINANCIAL MANAGEMENT

Number: 2.010

Effective Date: 02/06/82

SUBJECT: FISCAL MANAGEMENT

Amended Effective: 07/01/00

Board Approved: 02/09/95

QMT Approved:

02/14/03

POLICY:

In all areas of budget and fiscal management, the Mental Health Services of Catawba County (MHSCC) Board shall comply with provisions of:

- Local Government Budget & Fiscal Control Act
(North Carolina General Statute 159)
- North Carolina General Statutes 122-35.44(a)(1-2)
- North Carolina Division of Mental Health, Developmental Disabilities, & Substance Abuse Services as described in the Area Program Budgeting Procedures Manual (APSM 75-1) including general provisions and those provisions specific to State and/or Federal funding, such as:
 - State and Federal funds will not be used to supplant local funding,
 - State and Federal funds (specifically federal Substance Abuse, Social Services or Mental Health block grants) will not be used for compensation to lobbyists or for any form of lobbying activity
 - State and Federal program funds will not be used to purchase, construct, or permanently improve real estate
 - State and Federal funds will not be used to satisfy match requirements for receipt of federal funds
- North Carolina Division of MH/DD/SAS IPRS Reimbursement System Manual
- Catawba County Code of Ordinances, Chapter 14
- Catawba County Annual Budget process
- MHSCC Board bylaws
- Generally accepted accounting principles

An annual budget will be developed for sound financial planning and administration of resources. The budget will assign expenses and related revenues for the fiscal year (which is July 1 through June 30 of the following year) to activity/cost centers that align with functions of MHSCC.

Mental Health Services of Catawba County

POLICIES AND PROCEDURES

ACTIVITY: FINANCIAL MANAGEMENT _____ SUBJECT: FISCAL MANAGEMENT

EFFECTIVE DATE: 02/06/82 _____ AMENDED EFFECTIVE: 07/01/00 _____ NUMBER: 2.010

Budget preparation and resource management will be based on service need and demand, program priorities, cost, and available funding. Budget amendments will occur as a result of changing conditions that affect the financial plan.

Financial management of MHSCC's resources will occur in accordance with standards and principles referenced above and requirements and regulations established by the Catawba County Finance Department. All financial transactions will align with the format of the established budgeted service/cost centers and line items and will be processed through Catawba County Finance Department.

Within 45 days of the end of each quarter of the fiscal year, financial statements will be provided to the Board of County Commissioners, the MHSCC Board of Directors and management. These reports will show current status of revenue and expense activity, cost of care and administrative expense for managing services. Budget information will also be shared with appropriate shareholders (i.e., DMHDDSAS, Children's Community Collaborative, etc.)

An annual audit of MHSCC's financial systems by an independent certified public accountant will verify compliance with these standards and principles. The audit will include both financial review and compliance requirements of the single audit concept as defined in the standards referenced in the paragraph above. The annual audit report will be reviewed by the MHSCC Board, including financial information and management statements.

HISTORY NOTE: General Administration (APSM 35-1) T10:18J.112 and 18J.0113 superseded A.0218. Catawba County Code Ordinances, Chapter 14. Mental Health Services of Catawba County Board Bylaws. Effective date 02/06/82. Amended effective 04/01/89, 02/09/95, 10/14/98, and 07/01/00. Board approved 02/06/82 and 02/09/95. QMT approved 01/21/82 and 02/14/03. This policy Fiscal Management, Number 2.010, has been moved from General Administration #1.005 – Fiscal Management to Financial Management, Fiscal Management #2.010 effective 02/09/95 and also renumbered as noted.

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Mental Health Services of Catawba County

POLICIES AND PROCEDURES

ACTIVITY: LOCAL MANAGING ENTITY (LME)

Number:

SUBJECT: CLAIMS PROCESSING AND ADJUDICATION

Effective Date:

Amended Date:

Board Approved:

QMT Approved: 02/14/03

POLICY:

Mental Health Services of Catawba County (MHSCC) shall make every reasonable effort to process and adjudicate claims for authorized services provided. This process shall be timely and shall include pursuit of all relevant funding resources, including State revenue, Medicaid, Medicare, and other third-party reimbursements.

It shall be the policy of MHSCC that claims for authorized services must meet the criteria and follow the conditions established in the Prompt Pay portion of the Program Agreement with the NC Division of Mental Health, Developmental Disabilities and Substance Abuse Services or they will be deemed non-compliant with that standard and not subject to the Prompt Pay conditions.

It shall also be policy that MHSCC will pay authorized claims according to the criteria and conditions established in the Prompt Pay portion of the Program Agreement with the NC Division of Mental Health, Developmental Disabilities and Substance Abuse Services. Authorized claims not paid in compliance with the Prompt Pay conditions will be subject to adjudication procedures as established in this policy.

PROCEDURE:

The procedures for processing claims from providers for payment of services will be, as follows:

1. The claim is stamped with the received date for documentation of actual receipt of the claim.
2. Service dates and durations shown on the claim are verified as authorized and approved or denied and approvals and/or denials are communicated in writing to the provider within 15 days of receipt of the claim.
3. All approved claims will be processed and paid within 15 working days of approval.
4. In the event of a disagreement between the agency and the service provider regarding denied claims, see Consumer Conflict Resolution policy.

HISTORY NOTE: Approved by QMT On 02/14/03. Approved by the Mental Health Board on and effective.

Local Business Plan: Strategic Plan Matrix

Area Program(s)/County Program	Mental Health Services of Catawba County
Contact	John M. Hardy, Area Director, (828)695-5900, fax (828)695-5949, johnh@catawbacountync.gov
Submission Date	04/01/03

Item: VIII. Financial Management and Accountability 2

Goal: The local business plan insures that the LME and qualified providers in the local network understand and comply with applicable federal and state fiscal requirements.

Effective Date: 04/03

Steps Taken	Steps Planned	Barriers
<p>Applicable federal and state fiscal requirements are detailed in each contracting document to assure that providers are aware of expectations and requirements around reporting. Training to providers occurs at least annually and technical assistance is available through the LME as needed. Policies have been established requiring LME and provider compliance with all governmental regulations and requirements. (Attachment D)</p> <p>Policy developed requiring LME and providers to pursue all first- and third-party payment for services. (Attachment D)</p>	<p>Maintain and update current contract language as they reflect regulatory requirements. Maintain training and technical assistance for providers.</p> <p>Policies will be reviewed by Area Board.</p>	<p>Currently insufficient infrastructure for ongoing intensive technical assistance and/or monitoring.</p> <p>Lack of information from the Division regarding cost modeling.</p>

Policy developed assuring that mental health funds are last payer for services. (Attachment D) Policies have been reviewed and approved by Quality Management Team		
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Reviewers Comments:

Attachment D – Draft Contract Provider Network Policy

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Mental Health Services of Catawba County

POLICIES AND PROCEDURES

ACTIVITY: LOCAL MANAGING ENTITY (LME)

SUBJECT: CONTRACT PROVIDER NETWORK

Number:

Effective Date:

Amended Effective:

Approved:

QMT Approved: 02/14/03

POLICY:

Mental Health Services of Catawba County (MHSCC) shall make every reasonable effort to provide care to its citizens through a provider network. A network of providers will be maintained to provide an array of services within a 30 mile/minute radius to assure:

- accessibility to services
- consumer/community choice
- cultural diversity
- competence to treat co-occurring disorders
- skill at providing comprehensive one-stop service settings
- dedication to delivering consumer-directed supports
- compliance with the federal Synar amendment.
- screening and appropriate referral

PROCEDURE:

In order to assure competent, efficient and cost-effective services, as well as consumer choice of providers, the following procedure shall apply:

1. All eligible consumers will be informed of available resources and given a choice of providers.
2. Providers must possess the ability to provide “best practice” services for each target population.
3. Providers will comply with all MHSCC and DMHDDSAS requirements, including but not limited to the following:
 - a. clinical expertise relevant to service provision and target population
 - b. all licensure criteria
 - c. any relevant accreditation standard
 - d. liability insurance within established limits
4. Providers will comply with all federal and state fiscal requirements
5. Each provider will identify and actively pursue all first- and third-party collections
6. All providers will submit to MHSCC an audit report by an independent certified public accountant verifying compliance with all standards as well as a review and opinion of the financial status and internal fiscal procedures of the provider agency.
7. MHSCC will monitor activity referred to independent practitioners by percentage and number of actual requests and dispositions, as well as service units provided and costs of delivered services.

HISTORY NOTE: Approved by QMT On 02/14/03. Approved by the Mental Health Board on and effective on

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Submission Date	04/01/03

Item: VIII. Financial Management and Accountability 3

Goal: The local business plan provides for an adequate audit trail.

Effective Date: 10/03

Steps Taken	Steps Planned	Barriers
Annual financial and compliance audit is performed by an independent CPA, as well as the independent review of cost-finding.	Acquire completely separate and distinct Mental Health annual audit from Catawba County's larger audit	<p>Lack of response from the Division regarding the need for a separate audit for the single-county LME or if the distinction can be made within the county's larger audit report which would distinctly separate and detail LME operations.</p> <p>Working capital statement needs to be clearly defined by the Division for single-county LMEs that remain part of the larger county system.</p>

Applicable federal and state requirements are detailed in the contract document to assure that providers are aware of all expectations and requirements, including compliance with annual audits by an independent certified public accountant	Monitor and assure compliance with audit requirements	
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Reviewers Comments:

Local Business Plan: Strategic Plan Matrix

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Submission Date	04/01/03

Item: VIII. Financial Management and Accountability 4

Goal: The local business plan provides for an accounting of all real assets of the LME.

Effective Date: 04/03

Steps Taken	Steps Planned	Barriers
As part of the larger county, this single-county LME owns no real property. All real property is deeded and all assets are titled to Catawba County as owner.		

Reviewers Comments: